

MAGARENG



MUNICIPALITY

MONTHLY BUDGET & PERFORMANCE ASSESSMENT 2023/2024

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1. Introduction

1.1 Purpose

To present the 2023/24 monthly budget and performance assessment for the month of January 2024 in terms of Section 71 of the Municipal Finance Management Act (MFMA).

1.2 Background

The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.

1.3 Discussion

The report will be discussed under the following broad heading:

- 1) Financial management

1.4 Financial Management Review

This section has been split into two parts in terms of reporting method as required by Treasury as follows:

Part 1 – Monthly Report

- i) Mayor's Report
- ii) Executive Summary
- iii) In year budget tables

Part 2 – Monthly Report

- i) Material variance explanation
- ii) Performance indicators
- iii) Debtors' analysis
- iv) Creditors analysis
- v) Investment portfolio analysis
- vi) Allocation and grant receipts and expenditure
- vii) Council and employee benefits
- viii) Capital Expenditure trend
- ix) Municipal Managers quality certificate

PART 1 – MONTHLY REPORT

Mayor’s Report

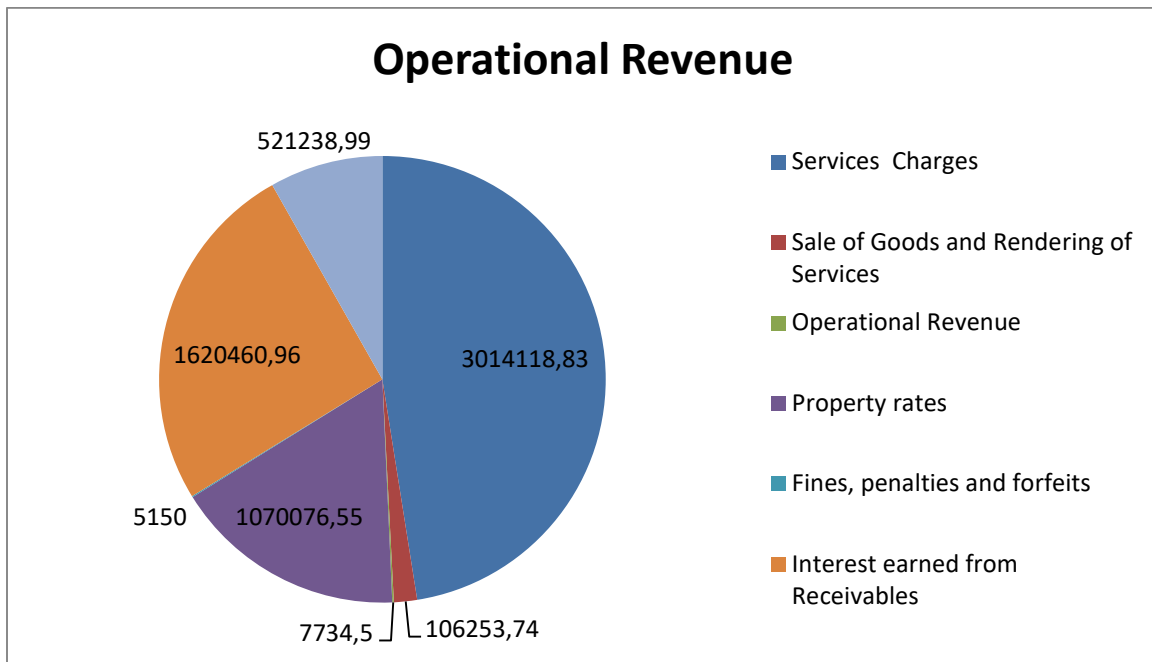
This Monthly statement facilitates transparency in reporting, better in-year management as well as the oversight of the financial performance of the municipality against original budget and adjusted budgets. It also serves as the mechanism which seeks to review the progress that is made in realizing the targets the municipality had set for itself at the beginning of the financial year.

Highlight of financial performance, Challenges and Risks for the month

Total operating revenue as at 31 January 2024 amounts to R 6.3 million and actual year date amounts to R 89.9 million which is 5% below the projected budget amounting to R 95.5 million. The revenue by source from Property rates and Service charges are less than the projected revenue. Effective implementation of the financial recovery and funding plan need to be prioritised to ensure enhanced revenue collections.

Below is a chart that depicts the income billed from 1st - 31st January 2023:

Figure 1: Income for 1st July to 31stDecember 2023



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Table 1: Income for 1st to 31st January 2024

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		13 907	33 713	33 713	1 721	8 346	19 666	(11 320)	-58%	33 713
Service charges - Water		6 010	9 156	9 156	136	1 628	5 341	(3 713)	-70%	9 156
Service charges - Waste Water Management		8 041	10 832	10 832	663	4 828	6 319	(1 491)	-24%	10 832
Service charges - Waste management		4 509	6 683	6 683	495	3 615	3 899	(284)	-7%	6 683
Sale of Goods and Rendering of Services		517	624	624	106	308	364	(56)	-15%	624
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		6 048	13 632	13 632	1 620	11 238	7 952	3 286	41%	13 632
Interest from Current and Non Current Assets		10 912	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		2	3	3	-	0	2	(1)	-76%	3
Rental from Fixed Assets		1	3	3	-	2	2	(0)	-5%	3
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		3 698	71	71	8	81	41	39	96%	71
Non-Exchange Revenue										
Property rates		12 263	13 926	13 926	1 070	7 532	8 123	(591)	-7%	13 926
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		586	135	135	5	124	79	45	58%	135
Licence and permits		(2 251)	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		69 502	68 488	68 488	-	48 721	39 951	8 769	22%	68 488
Interest		-	4 798	4 798	521	3 573	2 799	775	28%	4 798
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		382	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		134 129	162 062	162 062	6 345	89 995	94 536	(4 541)	-5%	162 062

Operating Revenue

The summary of the operating revenue reflected in the above table has been extracted from C4 table of the C Schedule attached. During the month of January 2024, the municipality generated total operating revenue of R6.3 million which represents 4% from the approved budget amounting to R 162.1 million. The variance between the year-to-date revenue budget and the actual revenue accrued for the for the reporting month amounts to - R 4.5 million, which shows that the municipality has under billed for January.

Detailed explanation on revenue by source items.

Property rates.

The municipality generated R1.1 million and actual year to date is 7.5 million which is - 7% less than the year to-date budget of R 8.1 million during the period under review. The variance is attributable to objections on the valuation roll and a low payment rate.

Service charges – Electricity.

The municipality generated R 1.7 million in electricity and actual year to date amounts to R8.3 million which is - 58% less than the year to date budget of R 19. 7 million for the period under review. The variance is attributable to a low payment rate as well as distribution losses.

Service charges – water.

The municipality generated R136 thousands revenue in Water and the year to date actual amounts to R 1.6 million which is - 70% less than the year-to-date budget of R 5.3 million for the period under review. Major attributers to this low billing in-Water Service Charges is due to load shedding which caused low level of water at the pump station and the breakdown of the water supply pipes which is currently under construction, some areas are not metered, and unwillingness to settle accounts by consumers.

Service charges – sanitation.

The municipality generated R663 thousands and actual year to date amounts to R 4.8 million which is - 24% less than year-to-date budget of R 6.3 million for the period under review. Collection on this service can still be improved if the municipality enforce the approved credit control and debt collection policies.

Service charges – refuse.

The municipality generated R495 thousands and actual year to date R 3.6 million which is - 7% less than year to date budget which amounts to R3.9 million during the period under review. Due to challenges and breakdowns with the refuse removal trucks, hampers the municipality's efforts to raise much needed revenue.

Rent from fixed assets.

The municipality did not rent out any of its fixed assets for January 2024 and actual year to dates amounts to R 1.5 thousand which is 5 % less than the year to date budget that amounts to R1.6 thousand during the period under review. The low revenue generated in rent from fixed assets is due to the dilapidated community halls which still need to be renovated so that the municipality can increase the budgeted amount and generate revenue on this line item.

Interest earned – from receivables.

The municipality generated R 1.6 million and actual year to date R11.2 which is 41% more than the year to date budget that amounts R 7. 9 million for the period under review. The variance is attributable to interest from outstanding debtors on our services. This does not reflect positively

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on the municipal debtor's book as it means the accounts remain unpaid for a longer period accruing interest.

Fines, penalties, and forfeits

This item generated revenue amounting to R5 thousand and the year to date actual amounts to R124 thousands which is 58% more than the year to date budget that amounts to R 79 thousands for January 2024.

Licenses and Permits

The municipality did not budget for this line item the license testing yard is not operational renovation are required as per the Department of Traffic regulations.

Transfers recognised – operational.

As per DoRa payment schedule, municipality did not receive any operational grants for current month. Currently the year to date actual amounts to R48.7 million which is 22% higher than actual year to date budget that amounts to R39.9 million, major attributes to this variance is caused by Equitable Share that was received in the previous months.

Other revenue

The municipality generated R 8 thousand and the year to date actual amounts to R81 thousands which is 96% more than the actual year to date budget amounting to R 41 thousands during the period under review. The budget for this item will be reviewed during the adjustments budget.

The above assessment on revenue sources of the municipality does indicate the need to effectively implement the Financial Recovery plan and Budget Funding plan and implementation of credit control and debt recovery policies to ensure improved revenue collection and sustained service delivery.

Table 2: Expenditure from 1st to 31st January 2024

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		48 606	53 709	53 709	3 285	26 734	31 330	(4 596)	-15%	53 709
Remuneration of councillors		4 673	4 807	4 807	390	2 731	2 804	(73)	-3%	4 807
Bulk purchases - electricity		23 257	25 000	24 806	152	4 107	14 470	(10 363)	-72%	24 806
Inventory consumed		16 644	12 920	13 964	1 659	6 826	8 146	(1 319)	-16%	13 964
Debt impairment		-	35 391	35 391	2 949	20 645	20 645	(0)	0%	35 391
Depreciation and amortisation		23 788	25 954	25 954	2 163	15 140	15 140	0	0%	25 954
Interest		7 549	-	-	-	-	-	-	-	-
Contracted services		5 922	9 594	7 659	156	4 095	4 468	(373)	-8%	7 659
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		17 960	-	-	-	5 172	-	5 172	-	-
Operational costs		12 826	10 299	11 384	1 843	9 322	6 641	2 681	40%	11 384
Losses on Disposal of Assets		4 503	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		165 728	177 674	177 674	12 598	94 771	103 643	(8 872)	-9%	177 674

The above table indicates expenditure items by type.

Operating Expenditure

The summary of the operating expenditure is reflected in the above Table 2 and it has been extracted from C4 in the C- Schedule attached. During January 2024, the municipality incurred a total operating expenditure of R12.6 million which represents 7% of the approved operating expenditure budget amounting to R177.7 million.

Employee related costs

The municipality incurred R 3.3 million on employee related costs and actual year to date amounts to R26.7 which reflects variance of 15% that show that the municipality has spent less than the year to date budget which amounts to R 31.3 million during the period under review. The cost drivers to this variance are caused by vacant positions which were budgeted for but no

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appointments were made. Cost containment measures were taken on this item to ensure expenditure stays within the budget, especially on overtime and standby allowance.

Remuneration of councillors

Expenditure incurred in relation to councillor's remuneration amounts to R390 thousands and the year to date actual amounts to R 2.7 million which reflects variance of 3% when compared to year to date budget that amounts to R2.8 million. The variance in Remuneration of Councillors is immaterial.

Debt impairment

The municipality incurred R 2.9 million on debt impairment and the actual year to date amounts to R20.6 million which reflects 0% variance when compared to actual year to date budget that amounts R20.6 million, it shows that both year to date actual and year to date budget are inline. This due to the fact that monthly journals are captured for the movement as per advice from Provincial Treasury and which is based on the current collection trends and the 2021/22 audited financial statements.

Depreciation

The municipality incurred R2.2 million and actual year to date amounts to R 15.1 which reflects 0% variance when compared to actual year to date budget that amounts to R15.1 million, it shows that both year to date actual and year to date budget are inline. This due to the fact that monthly journals are captured for the movement as per advice from Provincial Treasury and which is based on the current collection trends and the 2021/22 audited financial statements, this item might be looked at during the adjustments budget.

Bulk purchases

The actual expenditure incurred for bulk purchases– electricity amounted to R152 thousands for the current month and the actual year to date amounts to R 4.1 million which is 72% less the projected budget that amounts to R14.5 million as a result of bulk service invoices. This is because municipality cannot honour its payment arrangement made with Eskom, due to financial constraints that the municipality is currently facing. Take note that this amount only relate to Eskom expenditure as water is classified under inventory items.

Inventory consumed.

With the reclassification on MSCOA, water purchases (VaalHarts expenditure) are now classified under inventory consumed. Expenditure incurred on this item amounted to R 1.7 million and the actual year to date amounts to R6.8 million which reflects variance of 16% less compared to the projected budget of R8.1 million. This is because municipality cannot honour its

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payment arrangement made with Vaalharts due to financial constraints that the municipality is currently facing.

Contracted Services

Contracted services include Accountants and Auditors, Security service, professional consulting and other services related to maintenance of infrastructure as and when the need arises. The amount spent for Contracted Services amounts to R156 thousands and the year to date actual amounts to R4.1 million which reflects 8% variance when compared to the actual year to date budget that amounts to R4.5 million. The variance in Contracted Services is immaterial.

Other expenditure

This item has incurred expenditure amounting to R1.8 million and the actual year to date amounts to R 9.3 million which reflected 40% variance when compared to the year to date budget that amounts to R 6.6 million. It includes items such as remuneration of ward committees, Assets consultants, insurance costs, external audit fees and other municipal running costs. Based on the variance, it shows that the municipality is overspending on other expenditure as it monthly expenditure and it cannot be avoided.

Table 3: Transfer and subsidies-capital and Surplus/(Deficit)

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Surplus/(Deficit)		(31 599)	(15 612)	(15 612)	(6 253)	(4 776)	(9 107)	4 331	(0)	(15 612)
Transfers and subsidies - capital (monetary allocations)		24 071	51 967	51 967	3 167	28 794	30 314	(1 520)	(0)	51 967
Transfers and subsidies - capital (in-kind)		1 725	3 000	3 000	–	1 135	1 750	(615)	(0)	3 000
Surplus/(Deficit) after capital transfers & contributions		(5 803)	39 355	39 355	(3 086)	25 153	22 957			39 355
Income Tax										
Surplus/(Deficit) after income tax		(5 803)	39 355	39 355	(3 086)	25 153	22 957			39 355
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(5 803)	39 355	39 355	(3 086)	25 153	22 957			39 355
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		(5 803)	39 355	39 355	(3 086)	25 153	22 957			39 355

Table C4 of the attached C Schedule of the MBRR excludes the capital transfers (capital grants) revenue from the operational revenue and calculates surplus or deficit before and after adding the capital transfers.

For this financial year, the municipality has budgeted R54, 9 million on capital transfers which entails of MIG, WSIG, RBIG and FBDM Capital. As per Dora payment schedule, the municipality has received R3.2 million for this reporting month and the actual year to date amounts R29.9 million which reflected a variance of R2.1 million when compared to year to date

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budget amounting to R 32.1 million. This variance mainly caused by invoices that still need to be submitted to RBIG and FBDM.

The deficit before inclusion of capital transfers amounted to 6.3 million and 3.1 million after capital transfers.

Statement of financial performance

The tables above highlight the financial performance of the municipality per revenue source and expenditure type.

This information will provide a guide to the municipality on which revenue sources and expenditure types need downward or upward adjustment as some items were over or under projected.

HON. MAYOR
Neo Mase

Executive Summary

INTRODUCTION

The Municipal Finance Management Act, No. 56 of 2003 states that the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.

When necessary, an explanation of any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote; any material variances from the service delivery and budget implementation plan; and any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipalities approved budget.

The statement must include a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

FINANCIAL PERFORMANCE vs APPROVED BUDGET

Tables C1 and C4 highlights the financial performance of the municipality for the month January 2024.

Revenue

The operating revenue for month ending January 2024 amounts to R 6.3 million and the actual year to date amounts to R89.9 million which reflected a negative variance of R4.5 million when compared to the year to date actual that amounts to R94.5 million. This revenue is not actual cash as it includes billed and realised revenue.

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Income for the month ended 31 January 2024

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		13 907	33 713	33 713	1 721	8 346	19 666	(11 320)	-58%	33 713
Service charges - Water		6 010	9 156	9 156	136	1 628	5 341	(3 713)	-70%	9 156
Service charges - Waste Water Management		8 041	10 832	10 832	663	4 828	6 319	(1 491)	-24%	10 832
Service charges - Waste management		4 509	6 683	6 683	495	3 615	3 899	(284)	-7%	6 683
Sale of Goods and Rendering of Services		517	624	624	106	308	364	(56)	-15%	624
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		6 048	13 632	13 632	1 620	11 238	7 952	3 286	41%	13 632
Interest from Current and Non Current Assets		10 912	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		2	3	3	-	0	2	(1)	-76%	3
Rental from Fixed Assets		1	3	3	-	2	2	(0)	-5%	3
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		3 698	71	71	8	81	41	39	96%	71
Non-Exchange Revenue										
Property rates		12 263	13 926	13 926	1 070	7 532	8 123	(591)	-7%	13 926
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		586	135	135	5	124	79	45	58%	135
Licence and permits		(2 251)	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		69 502	68 488	68 488	-	48 721	39 951	8 769	22%	68 488
Interest		-	4 798	4 798	521	3 573	2 799	775	28%	4 798
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		382	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		134 129	162 062	162 062	6 345	89 995	94 536	(4 541)	-5%	162 062

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Monthly income for the seven months ended 31 January 2024

Description	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	YearTD actual
Revenue								
Exchange Revenue								
Service charges - Electricity	1 271 747	1 163 399	1 006 419	2 218 814	588 229	1 553 191	1 721 063	8 346 404
Service charges - Water	200 074	316 135	176 616	558 508	69 453	310 277	135 801	1 627 958
Service charges - Waste Water Management	723 062	707 112	692 158	690 900	672 669	679 217	662 502	4 827 620
Service charges - Waste management	542 813	528 868	514 471	515 977	509 734	508 212	494 752	3 614 828
Sale of Goods and Rendering of Services	20 616	80 002	42 324	28 962	12 505	17 227	106 254	307 890
Agency services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Interest earned from Receivables	1 623 428	1 556 335	1 635 007	1 605 101	1 611 643	1 586 299	1 620 461	11 238 273
Interest from Current and Non Current Assets	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	455	-	-	455
Rental from Fixed Assets	758	-	-	-	-	758	-	1 516
Licence and permits	-	-	-	-	-	-	-	-
Operational Revenue	18 684	25 550	9 955	-	18 596	-	7 735	80 519
Non-Exchange Revenue								
Property rates	1 091 161	1 072 272	1 064 154	1 076 929	1 081 693	1 076 031	1 070 077	7 532 316
Surcharges and Taxes	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	37 650	9 950	35 100	4 450	31 500	-	5 150	123 800
Licence and permits	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	25 663 000	3 238 000	573 500	-	427 000	18 819 157	-	48 720 657
Interest	499 382	502 711	506 445	507 771	513 968	521 593	521 239	3 573 109
Fuel Levy	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-
Gains on disposal of Assets	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	31 692 376	9 200 334	6 256 148	7 207 412	4 222 080	25 071 963	6 345 034	89 995 347

Monthly expenditure for the month ended 31 January 2024

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		48 606	53 709	53 709	3 285	26 734	31 330	(4 596)	-15%	53 709
Remuneration of councillors		4 673	4 807	4 807	390	2 731	2 804	(73)	-3%	4 807
Bulk purchases - electricity		23 257	25 000	24 806	152	4 107	14 470	(10 363)	-72%	24 806
Inventory consumed		16 644	12 920	13 964	1 659	6 826	8 146	(1 319)	-16%	13 964
Debt impairment		-	35 391	35 391	2 949	20 645	20 645	(0)	0%	35 391
Depreciation and amortisation		23 788	25 954	25 954	2 163	15 140	15 140	0	0%	25 954
Interest		7 549	-	-	-	-	-	-	-	-
Contracted services		5 922	9 594	7 659	156	4 095	4 468	(373)	-8%	7 659
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		17 960	-	-	-	5 172	-	5 172	-	-
Operational costs		12 826	10 299	11 384	1 843	9 322	6 641	2 681	40%	11 384
Losses on Disposal of Assets		4 503	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		165 728	177 674	177 674	12 598	94 771	103 643	(8 872)	-9%	177 674

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A breakdown of the total operating expenditure per month:

Description	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	YearTD actual
Expenditure By Type								
Employee related costs	3 518 456	3 415 930	3 616 151	3 408 141	6 067 050	3 422 814	3 285 369	26 733 911
Remuneration of councillors	390 115	390 115	390 115	390 115	390 115	390 115	390 115	2 730 806
Bulk purchases - electricity	-	-	869 565	-	-	3 084 809	152 488	4 106 862
Inventory consumed	483 167	689 289	1 891 775	380 317	1 080 665	642 512	1 658 629	6 826 353
Debt impairment	2 949 248	2 949 248	2 949 248	2 949 248	2 949 248	2 949 248	2 949 248	20 644 733
Depreciation and amortisation	2 162 796	2 162 796	2 162 796	2 162 796	2 162 796	2 162 796	2 162 796	15 139 573
Interest	-	-	-	-	-	-	-	-
Contracted services	65 505	367 982	939 451	500 641	863 839	1 201 462	156 283	4 095 164
Transfers and subsidies	-	-	-	-	-	-	-	-
Irrecoverable debts written off	5 171 767	-	-	-	-	-	-	5 171 767
Operational costs	455 874	835 102	680 576	910 789	2 585 256	2 011 535	1 842 834	9 321 966
Losses on Disposal of Assets	-	-	-	-	-	-	-	-
Other Losses	-	-	-	-	-	-	-	-
Total Expenditure	15 196 927	10 810 462	13 499 678	10 702 046	16 098 969	15 865 291	12 597 762	94 771 135

The main cost drivers for the municipality are salary costs, bulk purchases, contracted services, inventory consumed and other general expenditure. Under employee related expenditure Overtime; under contracted services legal fees and security services and repair and maintenance cost need to be monitored effectively to ensure minimal spending.

Capital Expenditure

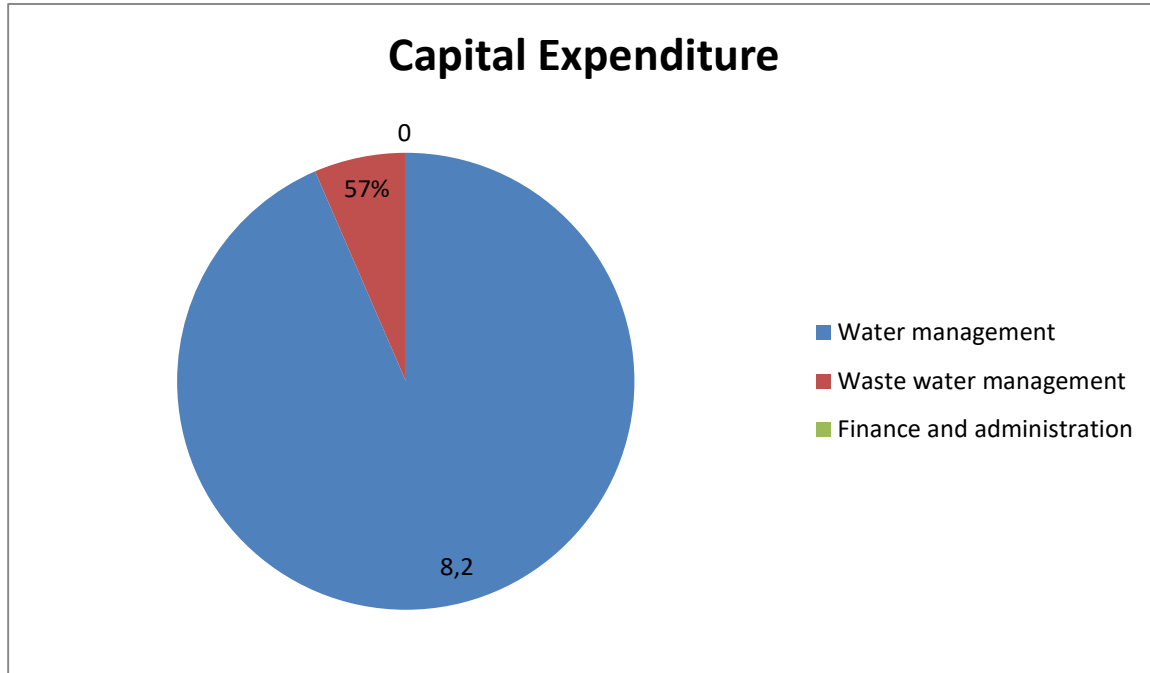
The municipality has incurred expenditure of R 2.9 million on capital expenditure for the month ending January 2024 and actual year to date amounts to R26.6 which reflects under spending on capital grants of R 5.7 million when compared to year to date budget that amounts to R 32.2 million. The under spending is caused by late approval of project business plans, community disruptions, and payments as per claim and other issues. This information is what is captured on the municipal financial system (which reflects payment without VAT and retention) and the grant register, which might differ with other technical reports as those reports include submitted invoices which include the vat and retention.

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NC093 Magareng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - A - M07 January

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure - Municipal Vote										
Expenditure of single-year capital appropriation										
Vote 01 - Executive & Council	1	-	-	-	-	-	-	-	-	-
01.1 - Council & Executive Administration		-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
02.1 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	290	290	-	-	169	(169)	-100%	290
03.1 - Administration And Legal		-	-	-	-	-	-	-	-	-
03.2 - Corporate Admin		-	290	290	-	-	169	(169)	-100%	290
03.3 - Human Resources		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
04.1 - Finance Admin		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		25 368	54 967	54 967	2 854	26 579	32 064	(5 485)	-17%	54 967
05.1 - Technical Admin		-	-	-	-	-	-	-	-	-
05.2 - Roads And Stormwater		-	-	-	-	-	-	-	-	-
05.3 - Solid Waste Management		-	-	-	-	-	-	-	-	-
05.4 - Sanitation		1 482	19 515	19 515	2 057	11 179	11 384	(204)	-2%	19 515
05.5 - Water		23 885	35 452	35 452	797	15 400	20 680	(5 281)	-26%	35 452
05.6 - Electricity		-	-	-	-	-	-	-	-	-
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		-	-	-	-	-	-	-	-	-
07.1 - Cemetary		-	-	-	-	-	-	-	-	-
07.2 - Library		-	-	-	-	-	-	-	-	-
07.3 - Library		-	-	-	-	-	-	-	-	-
07.4 - Traffic		-	-	-	-	-	-	-	-	-
07.5 - Traffic		-	-	-	-	-	-	-	-	-
07.6 - Parks And Recreation		-	-	-	-	-	-	-	-	-
07.7 - Safety		-	-	-	-	-	-	-	-	-
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		-	-	-	-	-	-	-	-	-
09.1 - Planning And Development		-	-	-	-	-	-	-	-	-
09.2 - Led		-	-	-	-	-	-	-	-	-
09.3 - Idp		-	-	-	-	-	-	-	-	-
09.4 - Land Use		-	-	-	-	-	-	-	-	-
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affa		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total single-year capital expenditure		25 368	55 257	55 257	2 854	26 579	32 233	(5 654)	(0)	55 257
Total Capital Expenditure		25 368	55 257	55 257	2 854	26 579	32 233	(5 654)	(0)	55 257

Capital Expenditure as per Function Classification



Statement of Financial position.

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		(108 668)	(138 558)	(138 558)	1 408	(138 558)
Trade and other receivables from exchange transactions		23 459	90 110	90 110	21 071	90 110
Receivables from non-exchange transactions		8 952	15 690	15 690	14 204	15 690
Current portion of non-current receivables						
Inventory		116	(136)	(136)	116	(136)
VAT		59 352	54 920	54 920	61 745	54 920
Other current assets		(1 270)	(1 810)	(1 810)	(1 274)	(1 810)
Total current assets		(18 059)	20 216	20 216	97 270	20 216
Non current assets						
Investments						
Investment property		24 867	23 831	23 831	24 867	23 831
Property, plant and equipment		428 519	281 929	281 929	439 572	281 929
Biological assets						
Living and non-living resources						
Heritage assets		371	371	371	371	371
Intangible assets		10	20	20	10	20
Trade and other receivables from exchange transactions		0	-	-	0	-
Non-current receivables from non-exchange transactions						
Other non-current assets						
Total non current assets		453 767	306 151	306 151	464 820	306 151
TOTAL ASSETS		435 708	326 367	326 367	562 091	326 367
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		(319)	165	165	-	165
Consumer deposits		1 309	611	611	1 321	611
Trade and other payables from exchange transactions		398 882	320 290	320 290	274 129	320 290
Trade and other payables from non-exchange transactions		14 222	(264)	(264)	33 810	(264)
Provision		7 219	9 051	9 051	8 676	9 051
VAT		23 743	24 009	24 009	25 205	24 009
Other current liabilities		-	2 224	2 224	-	2 224
Total current liabilities		445 056	356 086	356 086	343 140	356 086
Non current liabilities						
Financial liabilities		794	-	-	794	-
Provision		7 285	11 911	11 911	6 744	11 911
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		8 079	11 911	11 911	7 538	11 911
TOTAL LIABILITIES		453 135	367 997	367 997	350 677	367 997
NET ASSETS	2	(17 427)	(41 630)	(41 630)	211 413	(41 630)
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		210 564	(41 630)	(41 630)	211 413	(41 630)
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	210 564	(41 630)	(41 630)	211 413	(41 630)

Total Assets

Variances were noted between the budgeted values of assets and the actual recorded at the end of the review period. As at the end of January 2024, the municipality recorded total assets of R562.1 million which includes R 97.3 million and R464.8 million for both current assets and non-current assets respectively. Current assets are those assets that are likely to be converted into cash within twelve months; while non-current assets are likely to be converted into cash over a longer-term.

Trade and other received from exchange transactions/ non-exchange transactions.

As at the end of January 2024, the municipality recorded consumer debtors (Exchange and non-exchange transactions) of R35.3 million, representing about 6% of the total assets. Looking at the annual budgeted trade and other receivables of R105.8 million, consumer debtors appear to be understated as compared to the debtor's age analysis. This is due to the failure of customers paying their debt as well as the impact of debt impairment which will be fully effected at the end of the financial year. This is also an indication of the rate at which consumer debtors are escalating. It will be important that council fast-track implementation of its credit control and debt collection strategies (revenue enhancement) in order to collect the outstanding debtors. The municipality will need to estimate the projected annual debtors and the provision for debt impairment in order to accurately budget for the consumer debtors projected at the end of the financial year.

Property Plant and Equipment (PPE)

As at 31 January 2024, the municipality recorded R 439.6 million for Property Plant and Equipment, which represents 78% of the total assets. These assets comprise of roads and storm water, water and infrastructure, electricity infrastructure, community assets, and other plants and equipment which the municipality has acquired mainly for service delivery and for its own use. Service delivery of the municipal is majored by its ability to provide these services to communities.

This R439.6 million is more than the projected amount of R281.9 for the financial year ending 2023/24. PPE need to be relooked in line with the projected CAPEX and depreciation during the adjustments budget.

Total Liabilities

Variances were noted between the budgeted values of liabilities and the actual recorded at the end of January 2024. As at the end of December 2023, the municipality recorded total liabilities of R350.7 million with entails R343.1 million and R7.5 million for both current liabilities and non-current liabilities respectively. Current liabilities are those liabilities that are payable by the

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municipality within the twelve months, while non-current liabilities are those liabilities that are payable over a period beyond twelve months.

The current ratio of the municipal's financial position equals to 0.28, which is current assets divided by current liabilities (97 270/ 343 140). According to the acceptable norms, a current ratio which is less than 1 shows that the municipality is unable to pay its shorts term debts (current liabilities) using its cash on hand (Current assets). This also shows that institution is not liquid enough and it is financial unstable. The municipality needs to improve on its abilities to raise current assets so that it can be in a better position pay off debts when they become due.

A detailed breakdown on the individual items is attached on the above table C6– monthly budget statement.

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Cash flow Statement

NC093 Magareng - Table C7 Monthly Budget Statement - Cash Flow - M07 January

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	4 874	4 874	405	4 045	2 843	1 202	42%	4 874
Service charges		–	20 261	20 261	2 496	12 835	11 819	1 016	9%	20 261
Other revenue		–	786	786	1 274	4 816	459	4 357	950%	786
Transfers and Subsidies - Operational		–	68 488	68 488	–	49 273	39 951	9 322	23%	68 488
Transfers and Subsidies - Capital		–	54 967	54 967	3 167	29 929	32 064	(2 135)	-7%	54 967
Interest		–	–	–	–	–	–	–		–
Dividends										
Payments										
Suppliers and employees		–	(116 329)	(116 329)	(7 486)	(53 815)	72 073	125 888	175%	123 554
Interest										
Transfers and Subsidies										
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	33 047	33 047	(143)	47 082	159 209	112 127	70%	272 930
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								–		
Decrease (increase) in non-current receivables		0	–	–	–	0	–	0	#DIV/0!	–
Decrease (increase) in non-current investments								–		
Payments										
Capital assets		–	(55 257)	(55 257)	(2 854)	(26 579)	(30 483)	(3 904)	13%	(52 257)
NET CASH FROM/(USED) INVESTING ACTIVITIES		0	(55 257)	(55 257)	(2 854)	(26 579)	(30 483)	(3 904)	13%	(52 257)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing								–		
Increase (decrease) in consumer deposits		–	–	–	0	12	–	12	#DIV/0!	–
Payments										
Repayment of borrowing								–		
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	0	12	–	(12)	#DIV/0!	–
NET INCREASE/ (DECREASE) IN CASH HELD		0	(22 210)	(22 210)	(2 997)	20 515	128 726			220 673
Cash/cash equivalents at beginning:		242	242	242	(2 566)	734	242			734
Cash/cash equivalents at month/year end:		242	(21 968)	(21 968)		21 249	128 968			221 407

The Municipality’s cash and cash equivalent at the end of January 2024 amounts to R1,6 million which is as per the bank statement. The municipality need to improve the collection rate. The municipality is currently grant dependent, which means without grants the municipality cannot service its financial obligations as and when they become due.

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The net cash from operating activities amounts to -R 143 thousands, net cash from investing activities which includes amounts to R2.9 million and cash from financing activities amounts to R12 thousand giving a cash at the end of about R21,2million.

Monthly Budget Statements summary

NC093 Magareng - Table C1 Monthly Budget Statement Summary - M07 January

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	12 263	13 926	13 926	1 070	7 532	8 123	(591)	-7%	13 926
Service charges	32 468	60 384	60 384	3 014	18 417	35 224	(16 807)	-48%	60 384
Investment revenue	10 912	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	10 912	-	-	-	-	-	-	-	-
Other own revenue	67 574	87 752	87 752	2 261	64 046	51 189	12 858	25%	-
Total Revenue (excluding capital transfers and contributions)	134 129	162 062	162 062	6 345	89 995	94 536	(4 541)	-5%	162 062
Employee costs	48 606	53 709	53 709	3 285	26 734	31 330	(4 596)	-15%	53 709
Remuneration of Councillors	4 673	4 807	4 807	390	2 731	2 804	(73)	-3%	4 807
Depreciation and amortisation	23 788	25 954	25 954	2 163	15 140	15 140	0	0%	25 954
Interest	7 549	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	39 901	37 920	38 770	1 811	10 933	22 616	(11 683)	-52%	38 770
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	41 210	55 284	54 434	4 948	39 234	31 753	7 480	24%	54 434
Total Expenditure	165 728	177 674	177 674	12 598	94 771	103 643	(8 872)	-9%	177 674
Surplus/(Deficit)	(31 599)	(15 612)	(15 612)	(6 253)	(4 776)	(9 107)	4 331	-48%	(15 612)
Transfers and subsidies - capital (monetary)	24 071	51 967	51 967	3 167	28 794	30 314	(1 520)	-5%	51 967
Transfers and subsidies - capital (in-kind)	1 725	3 000	3 000	-	1 135	1 750	(615)	-35%	3 000
Surplus/(Deficit) after capital transfers & contributions	(5 803)	39 355	39 355	(3 086)	25 153	22 957	2 196	10%	39 355
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(5 803)	39 355	39 355	(3 086)	25 153	22 957	2 196	10%	39 355
Capital expenditure & funds sources									
Capital expenditure	25 368	55 257	55 257	2 854	26 579	32 233	(5 654)	-18%	55 257
Capital transfers recognised	23 885	54 967	54 967	2 854	26 579	32 064	(5 485)	-17%	54 967
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	1 482	290	290	-	-	169	(169)	-100%	290
Total sources of capital funds	25 368	55 257	55 257	2 854	26 579	32 233	(5 654)	-18%	55 257
Financial position									
Total current assets	(18 059)	20 216	20 216		97 270				20 216
Total non current assets	453 767	306 151	306 151		464 820				306 151
Total current liabilities	445 056	356 086	356 086		343 140				356 086
Total non current liabilities	8 079	11 911	11 911		7 538				11 911
Community wealth/Equity	210 564	(41 630)	(41 630)		211 413				(41 630)
Cash flows									
Net cash from (used) operating	-	33 047	33 047	(143)	47 082	159 209	112 127	70%	272 930
Net cash from (used) investing	0	(55 257)	(55 257)	(2 854)	(26 579)	(30 483)	(3 904)	13%	(52 257)
Net cash from (used) financing	-	-	-	0	12	-	(12)	#DIV/0!	-
Cash/cash equivalents at the month/year end	242	(21 968)	(21 968)	-	1 580	128 968	127 387	99%	201 738
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	5 468	4 918	4 938	5 036	4 817	4 749	25 657	349 245	404 827
Creditors Age Analysis									
Total Creditors	6 262	9 604	10 495	11 902	12 014	57 734	58 069	96 359	262 440

2 – SUPPORTING DOCUMENTATION

Debtors Analysis

The outstanding debtors as at 31st January 2024 amounts to R 404.8 million which shows increase of R6.5 in debtors book when compared to December 2023 outstanding debtors that amounts to R398.3 million. The largest outstanding amount owed to the municipality is coming from households; this category owes R371.7 million, which incurs interest each and every month. The long outstanding consumer debts may negatively affect the sustainability of the municipality. The average collection rate is reported to be at 20,9% over the past six months. The effective implementation of the debt collection and credit control is critically essential to ensure the sustainability of the municipality; this figure is due to old debts. The Municipality needs to work harder on collecting old debts.

Summary of Debtors as at 31st January 2024

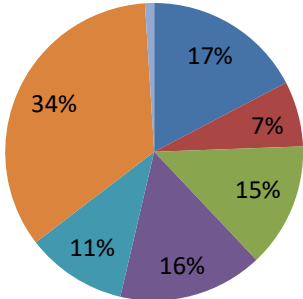
NC093 Magareng - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description	NT Code	Budget Year 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	433	325	334	347	318	281	2 656	65 428	70 122	69 030		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	562	191	303	405	230	164	643	26 232	28 731	27 675		
Receivables from Non-exchange Transactions - Property Rates	1400	891	847	789	769	766	774	4 493	45 520	54 850	52 323		
Receivables from Exchange Transactions - Waste Water Management	1500	760	775	765	773	773	788	4 545	54 326	63 505	61 206		
Receivables from Exchange Transactions - Waste Management	1600	561	557	550	554	551	561	3 187	37 815	44 336	42 668		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	2 224	2 187	2 159	2 148	2 126	2 143	9 836	116 483	139 306	132 737		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	38	37	37	39	52	38	295	3 441	3 977	3 865		
Total By Income Source	2000	5 468	4 918	4 938	5 036	4 817	4 749	25 657	349 245	404 827	389 503	-	-
Total December 2023/24		5 070	5 072	5 080	4 838	4 757	4 780	25 555	343 143	398 296	383 074		
Debtors Age Analysis By Customer Group													
Organs of State	2200	256	199	199	197	163	153	781	4 530	6 478	5 825		
Commercial	2300	694	338	393	338	315	324	1 683	20 433	24 519	23 093		
Households	2400	4 486	4 350	4 314	4 470	4 308	4 239	23 028	322 542	371 737	358 586		
Other	2500	32	31	31	31	31	33	164	1 740	2 093	1 999		
Total By Customer Group	2600	5 468	4 918	4 938	5 036	4 817	4 749	25 657	349 245	404 827	389 503	-	-

Debtors Age Analysis By Income

Source

0%



- Water
- Electricity
- Property Rates
- Waste Water Management
- Waste Management
- Interest on Arrear Debtor Accounts
- Other

TOP TWENTY DEBTORS' BOOKS AS PER END OF JANUARY 2024.

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NO	ACCOUNT NO	NAME	30DAYS BAL	60DAYS BAL	90 DAYS BAL	120 DAYS BAL	150 DAYS BAL	180 DAYS BAL	210 DAYS BAL	240 DAYS BAL	270 DAYS PLUS-BAL	CONSOLIDATED BALANCE
1	1200263	WARRENTON SUPER CHICKEN PTY LTD	-	-	-	-	-	-	-	-	9 889 483,94	10 121 339,48
	1011982	WARRENTON SUPER CHICKEN PTY LTD	8 053,25	46 114,01	68 304,78	67 070,34	3 854,74	-	-	-	30 295,83	
2	1014691	NATIONAL GOVERNMENT OF RSA	83 631,18	83 035,67	82 440,17	81 844,66	81 249,16	80 683,54	70 697,85	70 287,50	2 645 855,78	3 363 952,19
3	1015015	S SANRAL	17 455,58	17 455,58	17 455,58	17 455,58	17 455,58	17 455,58	12 663,85	12 663,85	2 603 913,38	2 751 430,14
4	1200112	MAGELEVENDZE INV CC	-	-	-	-	-	-	-	-	926 565,09	926 565,09
	1002654	MAGELEVENDZE INV CC	5 825,28	6 018,25	5 808,36	5 799,91	5 796,76	5 821,08	4 844,16	4 842,52	312 407,90	362 992,36
5	1014741	LAERSKOOL HARTSVALLEI	21 372,41	21 220,23	21 068,04	20 915,86	20 763,67	20 619,13	18 067,23	17 962,36	676 163,17	859 676,70
6	1015018	LM ERASMUS BOEDERY GRASBULT	6 583,81	6 577,74	6 571,66	6 565,59	6 559,51	6 554,23	4 845,44	4 841,61	798 235,19	853 924,67
7	1006041	SS KOTE	4 691,76	4 684,55	4 677,32	4 670,09	4 662,88	4 656,51	3 495,66	3 491,04	706 315,31	746 044,11
8	1000719	MM MOLOI	4 468,14	4 464,56	4 460,97	4 457,39	4 452,16	4 427,89	3 300,79	3 298,37	633 449,85	671 449,99
9	5002134	W J HEWITT	3 638,92	3 638,92	3 637,27	3 814,75	3 813,09	3 815,88	2 640,44	2 644,49	560 017,78	587 661,54
10	1200206	GM WESI	-	-	-	-	-	-	-	-	550 968,56	577 662,30
	1001073	GM WESI	2 228,21	2 187,25	2 146,26	2 183,02	2 142,03	2 102,15	1 435,63	-	10 000,00	
11	1002657	A TERWIN	7 722,17	7 676,07	7 629,95	7 583,84	7 537,72	7 494,40	6 353,40	6 321,93	406 263,81	472 351,59
12	1200313	CM AVENANT	-	-	-	-	-	-	-	-	293 401,23	452 920,18
	1015849	CM AVENANT	2 894,27	2 733,73	2 573,18	2 412,63	2 252,09	2 092,57	1 904,35	1 883,52	137 741,69	
13	1001684	MOTSHELE	3 169,27	3 985,09	2 822,60	2 818,57	2 814,56	2 810,94	2 113,46	2 110,83	421 991,08	450 900,27
14	1004435	OK THETHE	3 583,89	3 575,62	3 567,37	3 559,10	3 550,84	3 543,19	2 731,49	2 725,99	415 796,15	446 225,78
15	1003573	D,C DYKER	3 400,43	3 396,42	3 392,40	3 388,37	3 384,36	3 380,74	2 526,85	2 524,22	413 883,26	443 021,89
16	1004132	D GEORGE	3 474,09	3 464,07	3 454,05	3 444,03	3 434,00	3 429,60	2 174,95	2 171,75	411 778,48	440 309,13
17	1002463	A SPOORNET	1 730,54	1 730,54	1 730,54	1 730,54	1 730,54	1 730,54	1 255,49	1 255,49	403 374,52	417 999,28
18	1006176	A TSWELELOPELE COMMUNITY CR(VEI	2 405,32	2 401,76	2 398,19	2 394,63	2 391,06	2 407,53	1 830,65	1 828,20	387 601,02	408 067,24
19	1003911	MJ MALGAS	3 011,03	3 006,02	3 001,01	2 995,99	2 990,97	2 987,78	2 106,42	2 104,11	377 158,72	402 378,10
20	1001698	GR MARTIN	2 388,87	2 383,62	2 377,93	2 422,29	2 367,45	2 373,64	1 841,07	2 216,84	365 893,81	386 659,62

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Creditors' Analysis

Below is a table summarising the ageing of the outstanding creditors.

Creditors as at 31st January 2024

NC093 Magareng - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description R thousands	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	3 720	5 947	7 098	7 004	8 061	43 544	40 646	-	116 020	
Bulk Water	0200	1 474	1 454	1 760	1 709	1 818	12 406	14 231	92 398	127 249	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	-	1 122	1 108	2 753	1 628	1 467	3 151	3 639	14 868	
Auditor General	0800	1 068	1 081	530	436	508	317	41	323	4 303	
Other	0900	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	6 262	9 604	10 495	11 902	12 014	57 734	58 069	96 359	262 440	-

As at 31st January 2024, creditors ageing analysis had a balance of R262.4 million. This includes Eskom, VaalHarts water, Auditors General and others. This ageing balance might be understated as some of the creditor's invoices were not all captured on the financial system. One of the major impacts for a huge balance is non-payment of creditors as a result of cash constraints.

TOP 10 CREDITORS

	Balance
	2024/01/31
BULK ELECTRICITY	
ESKOM MAIN ACCOUNT-8468618896	-116 020 137,00
VAALHARTS WATER	-127 249 172,08
AUDITOR GENERAL	-4 302 591,77
BUSINESS CONNEXION	-1 823 855,93
COMPENSATION COMM	-1 659 067,31
SMEC	-3 512 725,57
DIRECT PRECISION MANAGEMENT	-879 907,44
ELB HOLDING EQUIPMENT	-161 406,55
MOKE CONSTRUCTION AND PROJECTS	-1 568 600,00
KUNENE MAKOPO RISK SOLUTION	-965 648,29
	-258 143 111,94

Investment portfolio analysis

Below is a table that details the investments as at 31st January 2024.

Call Investments register.

NC093 Magareng - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														-
Municipality sub-total										-		-	-	-
Entities														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									-		-	-	-

The investment account is only updated on quarterly basis.

Allocation on grant receipts and expenditure

Conditional grants and subsidies as at 31st January 2024

Description	Budget Year 2023/24				
	DORA Allocation	Funds Received to date	Spents to date	Unspent Balance	% Spent to date
Grants and Subsidies					
Operational					
Equitable Share	61 591 000,00	44 302 000,00	44 302 000,00	17 289 000,00	100%
Expanded Public Works Programme Integrated Grant	950 000,00	665 000,00	979 017,60	314 017,60	147%
Local Government Financial Management Grant	3 000 000,00	3 000 000,00	1 179 320,00	1 820 680,00	39%
<i>FBDM (Operational)</i>	1 800 000,00	180 157,12	2 357 344,92	2 177 187,80	1308%
<i>National Library South Africa</i>	1 147 000,00	573 500,00	710 755,32	137 255,32	124%
Sub-Total	68 488 000,00	48 720 657,12	49 528 437,84	16 481 219,28	102%
Capital					
Municipal Infrastructure Grant	12 452 000,00	11 619 000,00	8 637 034,60	2 981 965,40	74%
Regional Bulk Infrastructure Grant	20 000 000,00	1 561 703,20	1 358 002,78	203 700,42	87%
Water Services Infrastructure Grant	19 515 000,00	15 613 000,00	11 179 395,57	4 433 604,43	72%
FBDM (Capital)	3 000 000,00	1 135 468,13	1 744 983,59	609 515,46	154%
Municipal Disaster Relief Grant	5 145 000,00	5 145 000,00	3 659 513,81	1 485 486,19	71%
Sub-Total	60 112 000,00	35 074 171,33	26 578 930,35	8 495 240,98	76%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	128 600 000,00	83 794 828,45	76 107 368,19	24 976 460,26	91%

Capital and operating grants/transfers

The table above illustrate a summary on all the gazetted grants due to the municipality. It comprises of conditional and unconditional grants.

It can then be noted that a total of R83.8 million has been received to date for operational and capital grants, from the total expenditure R 76.1 million has been committed or spent to date which translates into 91% spent on grants and subsidies.

The following conditional grants managed to spend above 50%

- I. Municipal Infrastructure Grant
- II. Expanded Public Works programme
- III. Municipal Disaster grant
- IV. FBDM Capital
- V. Library
- VI. Water Services Infrastructure Grant

This shows that the municipality might be in a better position to spend or commit 100% of the allocation before the end of the current financial year. MDRG was not part of the approved tabled budget of 2023/24 financial year but the allocation was received, this allocation will be added on the adjustment budget for the financial year 2023/24.

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FMG need to be prioritized to ensure the achievements of targets as set out in the operational grants support plans before the end of the current financial year.

RBIG is an indirect transfer (allocation-in-kind) meaning transfers are done on submission of invoices to the Department of Water services.

Council allowances and employee benefits

NC093 Magareng - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

Summary of Employee and Councillor remuneration	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3 173	3 222	3 222	271	1 889	1 879	10	1%	3 222
Pension and UIF Contributions		448	452	452	33	224	264	(40)	-15%	452
Medical Aid Contributions		115	123	123	6	53	72	(19)	-26%	123
Motor Vehicle Allowance		456	529	529	43	301	308	(8)	-2%	
Cellphone Allowance		481	481	481	37	264	281	(17)	-6%	481
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	529
Sub Total - Councillors		4 673	4 807	4 807	390	2 731	2 804	(73)	-3%	4 807
% increase	4		2,9%	2,9%						2,9%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 040	2 829	2 829	119	677	1 650	(973)	-59%	2 829
Pension and UIF Contributions		125	314	314	10	68	183	(115)	-63%	314
Medical Aid Contributions		69	122	122	4	29	71	(43)	-60%	122
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		67	231	231	-	55	135	(80)	-59%	231
Motor Vehicle Allowance		820	1 500	1 500	-	13	875	(862)	-99%	1 500
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	154	154	-	-	90	(90)	-100%	154
Other benefits and allowances		0	1	1	0	0	0	(0)	-74%	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment	2	-	-	-	-	-	-	-	-	-
Scarcity		63	166	166	-	-	97	-	-	166
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2 185	5 317	5 317	134	842	3 102	(2 259)	-73%	5 317
% increase	4		143,4%	143,4%						143,4%
Other Municipal Staff										
Basic Salaries and Wages		31 226	34 670	34 670	2 500	18 281	20 224	(1 943)	-10%	34 670
Pension and UIF Contributions		6 067	6 428	6 428	449	3 276	3 750	(474)	-13%	6 428
Medical Aid Contributions		2 305	2 569	2 569	161	1 047	1 498	(452)	-30%	2 569
Overtime		2 327	1 000	1 000	-	219	583	(365)	-63%	1 000
Performance Bonus		2 948	2 829	2 829	-	2 736	1 650	1 086	66%	2 829
Motor Vehicle Allowance		62	53	53	-	25	31	(6)	-19%	53
Cellphone Allowance		74	66	66	4	26	39	(13)	-32%	66
Housing Allowances		70	77	77	3	29	45	(16)	-36%	77
Other benefits and allowances		456	491	491	28	193	286	(93)	-33%	491
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	110	110	-	-	64	(64)	-100%	110
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		248	100	100	6	61	58	3	4%	100
In kind benefits		638	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		46 422	48 392	48 392	3 152	25 892	28 229	(2 337)	-8%	48 392
% increase	4		4,2%	4,2%						4,2%
Total Parent Municipality		53 279	58 516	58 516	3 675	29 465	34 134	(4 670)	-14%	58 516
TOTAL SALARY, ALLOWANCES & BENEFITS		53 279	58 516	58 516	3 675	29 465	34 134	(4 670)	-14%	58 516
% increase	4		9,8%	9,8%						9,8%
TOTAL MANAGERS AND STAFF		48 606	53 709	53 709	3 285	26 734	31 330	(4 596)	-15%	53 709

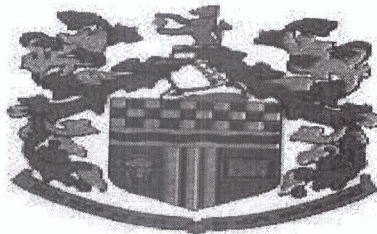
Section 71 – Monthly Budget and Performance Report 2023/24

The table above illustrate expenditure on councillor's remuneration and employees. Section 66 of the MFMA requires that the accounting officer of a municipality must, in a format and for the periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits and in a manner that discloses such expenditure per type of expenditure, namely-

- I. Salaries and wages
- II. Contribution for pension and medical aid
- III. Travel, motor car, accommodation, subsistence and other allowances
- IV. Housing benefits
- V. Overtime
- VI. any other benefit or allowance related to staff.

For the period under review the municipality has incurred an expenditure amounting to R 3.7 million on a total budget of R58.5 million. The expenditure seems to be slightly within the projection of R34.1 million (-14%) below the projected budget at this period. Cost containment measures still need to be exercised to ensure expenditure is kept at a minimum; especially on overtime and standby allowance.

Quality Certificate



I, TUMELO THAGE..... The Municipal Manager of Magareng Local Municipality (NC093), hereby certify that–

- The monthly budget statements.
- Quarterly report on the implementation of the budget and financial state affairs of the municipality
- Mid-year budget and performance assessment

The report for **January 2024** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.



Mr. T Thage
Acting Municipal Manager

14 FEBRUARY 2024
Date
